

Planning & Strategy Committee

30 July 2024

Report for Agenda Item | Rīpoata moto e Rāraki take [1]

Department: Strategy & Policy

Title | Taitara: Strategic Growth Update

Purpose of the Report | Te Take mō te Pūroko

This report provides an update on progress on the implementation of the Queenstown Lakes Spatial Plan 2021 (QLSP 21), the Joint Housing Action Plan (JHAP), the structure planning process for Te Tapuae Southern Corridor and the development of the Queenstown Lakes Spatial Plan Gen 2.0.

Recommendation | Kā Tūtohuka

That the Planning & Strategy Committee:

1. **Note** the contents of this report;

Prepared by:



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15 July 2024

Reviewed and Authorised by:



Name: Michelle Morss
Title: GM – Strategy and Policy
15 July 2024

Context | Horopaki

1. The Queenstown Lakes Spatial Plan was prepared as part of an Urban Growth Partnership between Central Government, Kāi Tahu, Queenstown Lakes District Council and Otago Regional Council called the Grow Well Whaiora Partnership.
2. The partnership provides a forum to align decision-making and collaboration on the long-term direction for the Queenstown Lakes District. It acknowledges that the Queenstown Lakes District is facing growth-related challenges across housing, transport and the environment that may have flow-on effects nationally, particularly given the importance of the Queenstown Lakes area to Aotearoa New Zealand's tourism sector.
3. Adopted in July 2021, Queenstown Lakes, first Spatial Plan (QLSP 21) sets out the partnership's long-term approach to address these challenges providing a vision and framework for how and where the communities of the wider Whakatipu and Upper Clutha can grow well and develop to

ensure social, cultural, environmental, and economic prosperity. In order to grow well, five outcomes have been identified and these include:

- a. Consolidated growth and more housing choice;
 - b. Public transport, walking and cycling is the preferred option for daily travel;
 - c. A sustainable tourism system;
 - d. Well-designed neighbourhoods that provide for everyday needs; and
 - e. A diverse economy where everyone can thrive.
4. To deliver on the five outcomes of QLSP 21, the partnership developed a joint work programme focusing on 22 priority initiatives and six priority development areas. The six priority development areas were identified as strategically important locations to provide for future growth in a way that will contribute towards achieving the outcomes of the Spatial Plan. The delivery of the Priority Development Areas requires working in partnership with the Grow Well Whaiora Partners, developers and the community to unlock their potential.
5. Work has been progressing on a number of the priority initiatives and priority development areas and this report provides the Planning & Strategy Committee with an update on how the progress of the following workstreams:
- Implementation of the QLSP 2021 – monitoring report
 - Stakeholder Deeds Monitoring Report
 - Te Tapuae / Southern Corridor Structure Plan (Note this project is being jointly led with Planning Policy)
 - Spatial Plan Gen 2.0 (Future Development Strategy)

Analysis and Advice | Tatāritaka me kā Tohutohu

Implementation of the QLSP 2021

6. The QLSP 21 implementation plan consists of 22 priority initiatives, and these are actively monitored via the QLSP Monitoring Report (**Attachment A**). This report is issued quarterly and discussed at the Grow Well Whaiora Partnership Steering Group meetings. The report dated 13 May 2024 has been used to inform this section.
7. Majority of project updates are progressing on track with a green status. The exceptions are:

Amber Status:

- **Draft Economic Diversification Plan** remains amber due to extended timeframes. Noting however that this is due to be taken to Full Council for endorsement on 1 August.
- **Blue-Green Network** is amber due to extended timeframes.
- **Hāwea Infrastructure Acceleration Fund (IAF)** is amber due to the increase in development potential in this area, requiring demand projections to be revalidated in order to consider if the proposed pipeline still remains a viable solution. This could result

in a 12–18-month delay to the project. Project team assessing options to mitigate the overall impact on the programme.

- **Spatial Plan 2.0 development** remains amber due to the delay in the Housing and Business Capacity Assessments work which informs this project.
- **Regenerative Tourism Plan** - Appears as amber in the report, but an alternative funding solution has been found for the Carbon Zero Roadmap and Optimal Visitation Project. Progress is on track for these projects.
- **Active Trail Route A7: Jacks Point – Frankton** – Variation is being progressed to original preferred route due to geotechnical concerns and cost estimations significantly higher than expected. Application will need to be made for implementation funding, however ability to fund this is uncertain at this stage.
- **NZUP Queenstown Package** – Stage 1 works include: the State Highway 6/6A (BP) intersection; the adjacent bus hub and the Howards Drive roundabout. Project status remains amber due to funding for stage 2 still to be confirmed.
- **Arterials Stage 1** - The project status is amber due to the scale and stage of the arterials project. There continues to be risk associated with time and cost, especially as we near the end of the road sealing season.

Red Status:

- **Urban Intensification Variation (Policy 5)** – remains a red project status due to extended timeframes. Noting this will move to green status at the next update as while notification was delayed it is currently progressing.
- **Visitor Levy** remains red status due to uncertainty over timing and interface with other alternative funding and financing options.
- **Active Trail Route A8: Lake Hayes Estate - Frankton (South)** – lack of funding to proceed.

Stakeholder Deeds Monitoring Update (JHAP Action 4B)

8. Over the period 2003-2019, QLDC negotiated 26 stakeholder deeds that require affordable and community housing contributions from residential housing developments. The deeds are all slightly different according to the different circumstances for each development and as improvements to the agreements were made over time. Typically in these deeds,
 - ‘affordable housing’ refers to a requirement to sell house/land packages at specific, more affordable prices, and
 - ‘community housing’ refers to sections or a financial contribution to go to the Queenstown Lakes Community Housing Trust or other community housing provider.
9. The intention of this work is to obtain full compliance with the deeds, or where required, to renegotiate any deeds that are no longer fit-for-purpose to ensure the best possible outcomes for the community. Overall, across the 26 deeds, compliance is high, and most developers have met their various obligations under the deeds:
 - 11 deeds are settled in full
 - 10 deeds are ongoing and have no outstanding contributions
 - 2 deeds require further information from the developers (Jacks Point and Kirimoko)

- 3 deeds have outstanding requirements that are being actively followed up with the developers (Three Parks, Ballantyne Investments, and Longview).

Three Parks and Ballantyne Investments

10. These two deeds are associated with the same developer. Both deeds require both affordable and community housing contributions, with different contributions for each.

For the Three Parks Deed the following contributions have been triggered¹:

- Community housing contribution of 5-10 serviced lots (depending on lot size) that can accommodate 20 community houses.
- Affordable housing contribution of land capable of accommodating 30 affordable housing units.

For the Ballantyne Investments Deed the following contributions have been triggered:

- Affordable housing requirement of land capable of accommodating 8 affordable housing units.

11. QLDC is in conversations with the developer about appropriate next steps.

Longview

12. The developer is complying with the infrastructure requirements and the community housing requirements of this deed. The developer has advised the affordable housing requirement, which requires specific house/land packages to be advertised at set prices, needs to be revised.

Clause 41 of the amended deed states:

Until the Hāwea SHA outcome is achieved the Developer shall promote, so as to make widely known in the Queenstown Lakes District, land and dwelling packages for purchase with the following characteristics:

- a. two bedroom, two bathroom single garage dwelling, with driveway and front yard landscaping for \$499,000.00;*
- b. two bedroom, one bathroom, double garage dwelling, with driveway and front yard landscaping for \$499,000.00;*
- c. three bedroom, two bathroom, single garage dwelling, with driveway and front yard landscaping for \$549,000.00*
- d. three to four bedroom, two bathroom, double garage dwelling with driveway and front yard landscaping for \$599,000.00*

13. The developer has advised that it is not possible to advertise packages at those prices due to inflation in construction costs.

¹ The triggers are described in Clause 2.10 (Three Parks) and 5.11 (Ballantyne Investments): The community housing contribution will be delivered on a basis land for at least 50% of the housing transferred to Council by the time 25% of the site has been subdivided and land for 100% of the housing transferred to Council by the time 50% of the site has been subdivided. The affordable housing shall, at a minimum, be delivered at a rate comparable to the rate at which development proceeds (in terms of land area developed).

14. The deed anticipates that the prices will need to be increased with inflation over time, and this has occurred once already. Clause 42 states:

The Developer may, from time to time, propose to the Council amended or alternative land and dwelling packages where necessary or desirable because of demonstrated changes in building costs in the Queenstown Lakes District, demand, or government and other policies promoting home ownership and first home ownership. Should the Council agree that amendments or alternatives are appropriate, the parties will record the agreement by way of variation to this Deed. QLCHT agrees that its agreement to a variation under this clause will follow that of the Council's and that it will execute any deed recording the variation.

15. QLDC is required to give reasonable consideration to these requests. Clause 67 states:

No variation to this Deed shall be binding unless the variation is in writing and signed by the parties. The Council and QLCHT shall each give reasonable consideration to any proposals by the Developer requesting a variation of this Deed.

16. QLDC officers are undertaking the following process:

- a. Seek independent external advice from a Quantity Surveyor to establish the extent of inflation at Longview over the relevant time period;
- b. Evaluate the developer's request to update the prices in Clause 41 in light of this evidence;
- c. If required, negotiate with the developer to ensure any potential variations to the deed are reasonable and fit-for-purpose;
- d. If required, make recommendations to Full Council on variations to the deed or any other appropriate next steps;
- e. Continue to work with the developer to improve accountability processes to ensure ongoing compliance.

17. A full report will be presented at the 19 September Full Council meeting with an update and any recommendations resulting from this process.

Te Tapuae / Southern Corridor Structure Plan (Note this project is being jointly led with Planning Policy)

18. Priority Initiative 3 of the QLSP 21 requires structure plans to be developed for all the priority development areas. Structure plans will include, for example:

- zoning,
- infrastructure triggers (including social infrastructure and the blue/green network),
- transport links/networks, and
- financial information.

19. The key purpose of the structure plans is to provide a concise overview of the timings, dependencies, and types of infrastructure investment (renewal, enhancement, and growth) required to complete the priority development area and outline funding, timings, and risk/barriers. The plans will also include the social infrastructure needs of each of the areas and

ensure the prioritisation of the delivery of affordable housing through a mixture of lot sizes and housing choice.

20. Structure planning is part of the District Plan process and as such is being undertaken collaboratively between the Strategic Growth and Policy Planning teams. The Infrastructure Strategy and Asset team also has a considerable role to play in this work. Any plan change or variation requires an analysis as to the appropriateness of zoning; the structure planning process assists with this, especially over multiple ownerships.
21. Te Tapuae / Southern Corridor is the first priority development area to be structure-planned through this process. Noting Te Pūtahi / Ladies Mile was structure-planned at the same time the QLSP 21 was developed. Funding is confirmed through Tranche 1 of the Three Waters Better Off Fund allowing the project to proceed at pace.
22. Both developers and the QLDC's Infrastructure investment programme are seeking to collaborate on this project quickly.
23. Update of the Structure Plan process so far:
 - a) Draft option analysis completed early 2024. This is a working draft and is awaiting further input from experts once workshops have been held and reports finalised – transport, natural hazards, ecology, landscape, commercial, cultural impact assessment, urban design, infrastructure.
 - b) The infrastructure expert team has been onboarded and is undertaking a review of all existing information. The treatment of wastewater is one of the key constraints for the future development of Te Tapuae / Southern Corridor. A whole of corridor approach is required.
 - c) Commercial Area Roles and Future Needs Analysis draft report has been provided and feedback given back to consultant
 - d) A draft ecological report is underway and will be provided to the team soon.
 - e) A transport workshop was held on 6 May and was attended by experts from all key development areas. The transport network capacity is a significant limiting factor – there is a need to identify how transport investment can be appropriately planned, staged and funded to enable the most effective use of the remaining land supply.
 - f) Draft geotechnical/natural hazards report has been provided by Beca and information gaps are being worked through currently with ORC and developers.
 - g) Aukaha and Te Ao Marama Inc are preparing a cultural impact assessment.
 - h) Newsletter is being prepared by Communications team to update those who have subscribed.
 - i) Partners (MoE, NZTA, HUD, Kāi Tahu, ORC) have been invited to monthly meeting as part of wider project team to receive regular updates.

Fast track Approvals Bill

24. It is very likely that some of the developers will apply for their land to be considered under the Fast Track Approvals Bill. This has the potential to create challenges for our community, as there are significant issues that need a whole of corridor approach. It is very important the structure plan is progressed at pace.

Spatial Plan Gen 2.0 (Future Development Strategy)

25. Work on the Spatial Plan Gen 2.0 began in November 2022, building on the QLSP 21, the second-generation Spatial Plan will meet the requirements of the National Policy Statement Urban and contain the district's Future Development Strategy (FDS). A key benefit of a combined FDS and Spatial Plan is that the Spatial Plan will become the statutory document that Resource Management Act (RMA) documents (i.e., the District Plan) must have regard to when they are being prepared or changed. The document is also strongly encouraged to inform other long-term plans and infrastructure strategies in order to promote long term strategic planning and integration of planning, infrastructure and funding decisions.

26. In terms of progress, work is currently underway to review the Spatial Plan Gen 1.0 Priority Initiatives in order to identify any gaps or issues that may have prevented implementation or success as well as identify any improvements for the Spatial Plan Gen 2.0.

Consultation Process | Hātepe Matapaki

Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka

27. This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy 2021 as this paper is a noting paper.

28. The persons who are affected by or interested in this matter are those that have participated in the processes relating to the workstreams described within the report, as well as residents/ratepayers more generally of the Queenstown Lakes district community.

Māori Consultation | Iwi Rūnaka

29. Through the course of development of the Spatial Plan, its work programme and the Spatial Plan Gen 2.0, regular ongoing meetings are being held with Kāi Tahu who are part of the Grow Well Whaiora partnership.

Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

30. This matter relates to the Strategic/Political/Reputation risk category. It is associated with RISK10056 Ineffective provision for the future planning and development needs of the district within the QLDC Risk Register. This risk has been assessed as having a low residual risk rating.

31. This matter relates to this risk because it is of importance in terms of the management of growth for the district. Mitigation of this risk shall be achieved by ensuring that all workstreams are co-ordinated in pursuit of the agreed outcomes.

Financial Implications | Kā Riteka ā-Pūtea

32. There are no financial implications to this noting paper.

33. The workstreams discussed have current funding under the Long-Term Plan, Annual Plan and through the Three Waters Better Off Fund.

Council Effects and Views | Kā Whakaaweawe me kā Tirohaka a te Kaunihera

34. The following Council policies, strategies and bylaws were considered:

- a. The outcomes and principles of the Vision Beyond 2050
- b. The QLDC Spatial Plan 21
- c. The QLDC District Plan
- d. The Climate and Biodiversity Plan
- e. The Destination Management Plan
- f. The Ten-Year Plan
- g. The Homes Strategy and draft Joint Housing Action Plan
- h. The 30 Year Infrastructure Strategy.

35. This report doesn't contain any recommended options as it is a noting report, however the workstreams discussed is consistent with the principles set out in the named policy/policies.

Local Government Act 2002 Purpose Provisions | Te Whakatureture 2002 o te Kāwanataka ā-Kiaka

36. Section 10 of the Local Government Act 2002 states the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. This report provides an update on the implementation of the QLSP 21 and the development of Spatial Plan Gen 2.0. Strategically planning for the growth of our communities is critical to achieving the outcomes of the QLSP 21.

37. This report doesn't contain any recommended options as it is a noting report, however the workstreams discussed:

- Can be implemented through current funding under the Long-Term Plan and Annual Plan.
- Is consistent with the Council's plans and policies; and
- Would not significantly alter the intended level of service provision for any significant activity undertaken by or on behalf of the Council or transfer the ownership or control of a strategic asset to or from the Council

Attachments | Kā Tāpirihaka

A	QLSP Monitoring Report – 13 May 2024
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